

While this writing off may appear to be large, your directors have felt it was in the best interests of the bank, no matter what the amount might be, to so deal with its affairs that they could assure both the stockholders and the public that every bad and doubtful debt had been provided for.

The Rest is now \$250,000, or 16½ per cent. upon the capital.

It will be known to you that important legislation affecting banks has been passed during the year, and a new charter authorized, to take effect on and after the 1st of July, 1891. The measure, on the whole, may be considered satisfactory to this as well as other institutions.

The head office and branches have been duly inspected during the year.

All of which is respectfully submitted,
W. P. HOWLAND, President.

GENERAL STATEMENT.

Liabilities.

Capital stock paid up	\$1,500,000 00	
Rest	250,000 00	
Balance of profits carried forward..	27,783 95	
Dividends unclaimed	3,510 96	
Dividend No 65, payable 2nd June, 1890	52,500 00	
Reserved for interest due depositors, exchange, etc.....	68,867 80	
Rebate on bills discounted	34,700 39	
		\$1,937,363 10
Notes in circulation	851,601 00	
Deposits not bearing interest.....	1,029,203 98	
Deposits bearing interest	3,617,768 68	
Balances due banks in Canada	67,257 01	
		5,565,830 67
		\$7,503,193 77

Assets.

Gold and silver coin \$	171,732 85	
Government demand notes.....	603,217 00	
Notes and cheques of other banks....	225,407 84	
Balances due from banks in Great Britain.....	72,831 54	
Balances due from banks in Canada..	102,769 19	
Balances due from banks in United States	132,570 79	
Government securities, and municipal and other debentures	428,428 64	
		\$1,736,957 85
Bills discounted current and advances on call	5,407,972 61	
Overdue debts secured	46,453 33	
Overdue debts not specially (estimated loss provided for)	25,192 93	
Real estate (other than bank premises)	112,633 75	
Mortgages	9,430 00	
Bank premises (including furniture, safes, etc.)	161,651 91	
Other assets not included under foregoing heads.....	2,901 39	
		5,766,235 92
		\$7,503,193 77

C. HOLLAND,
General Manager.

Ontario Bank,
Toronto, 31st May, 1890.

In moving the adoption of the report, which was seconded by the vice-president, Mr. Burgess,

Sir William Howland said: The losses dealt with in the report and statement before you are naturally a matter of regret to the directors, more especially as a portion have arisen and been caused by the dishonesty of some of the principal officers of the branch office. In the past we have been most fortunate in this re-

gard, and have always had great confidence and pride in the integrity and fidelity of our staff. The office and its books were thoroughly inspected in May last, and these developments commenced immediately afterwards, or, in other words, between inspections. They were carried out by a combination or conspiracy of three of the principal officials, who occupied positions which enabled them to so manipulate the balances of the books that it was difficult, if not impossible, to detect them. If the officials alone had been concerned, it could not have gone to the extent it did, they having been detected; but outside parties reputed respectable, and co-operating within, made a combination so beyond control that freedom from some losses was impossible.

We have taken measures to enforce the bank's claims and shall probably succeed in recovering a considerable portion of the losses, but in the meantime we have thought it right to ask you to make full provision for any portion of it upon which we think loss is likely to accrue to the bank.

Another provision we are making is for losses at our Montreal office. Some of these are definite and ascertained, while there are other large accounts still open and in course of liquidation. In dealing with these matters we held it to be our duty to do so thoroughly, and make what we considered, in our judgment, full and ample provision for any addition which may arise in connection with these accounts.

In Manitoba, as you know, we closed our agency last year, and any gentleman who has been connected with the banking interests of that country is aware that realization of assets has been a difficult operation. A considerable portion of our assets there consist of land, and in consequence of the unfavorable crops last year the sale of land has been retarded materially; but the prospect in that country appears now to be better, and we hope in the course of another year, if the present crop prospects are realized, that we will be able to dispose of a large portion of these lands.

There are other assets, some part of which will prove a loss, and others will be recovered, but looking into the whole position of the bank carefully we have made a full estimate of any losses which in our judgment can possibly accrue, and have made full provision therefor. In taking this course we have conceived it to be in your interest and in the interest of the bank to make this full provision for any possible contingency or loss which we think likely upon the bank's assets, and this we have carried out to the best of our judgment, and we think that the bank is now placed in a position where any profits that arise can be appropriated to the stockholders or to the reinstatement of the Reserve Fund. The earning power of the bank has maintained its position, and still enables us, I think, to realize as large profits as in the past.

Sir William Howland closed by inviting inquiries by the stockholders and moved the adoption of the report, seconded by Mr. Burgess, who said:

The president in his remarks and the general manager in his statement have so fully laid before you the position of the bank's affairs that it is unnecessary to go over the same ground. In seconding the adoption of the report I will therefore say but few words. Our losses during the year have been heavy. They have, however, been exceptional in character, and I think we are quite justified in saying that they are not likely to occur again. We have shown them clearly in our statement, and, unpleasant though it may have been both to you as well as to ourselves, we have, as was our duty, dealt with them and written them off, so as to have the bank in a clean and healthy condition. I am glad to say that the position and business of the bank is good. Its earning power is good, and we are perfectly justified in looking forward with confidence to its future.

Rev. Mr. Starr: I suppose, Mr. President, we are to understand that there is nothing rose-colored in this statement, but from your remarks and those of the vice-president's, we are led to conclude that we have now a fair and square statement of the exact standing of the bank so far as the directors can report. Of course I feel badly, as others do, more especially on account of the heavy losses, all occurring in one year, but I do not say this in any fractious spirit, for we all feel pleasure that we are all down to hard pan.

Mr. Holland: You are justified in concluding that the bank's statement as it stands

to-day, so far as the valuation of a live business can be made, may be relied upon, and that its business is in a sound and healthy condition, and its assets clear of all bad and doubtful items, according to the best judgment the directors and I can give them.

In reply to a shareholder,

Sir William Howland said: The directors have put everything down, as the gentleman says, to "hard pan," which I think is a very expressive term. As far as our judgment goes we have made provision for everything that will entail loss upon the bank, and something for contingencies beyond it.

Mr. Holland (in a reply to a shareholder): Of the total writing (\$325,000), \$75,000, as stated in the report, represents a provision for the carried and unrealized lands and other securities held in the North-West and elsewhere in the bank. The amounts in Ottawa, taken over at the reorganization of the bank at par, and offered with success both here and in Europe, absorb a further sum, and the remainder stands for the losses incurred at Montreal and Toronto.

Mr. Harty: The explanations Mr. Holland has made are very satisfactory as far as they go. He has acquainted the shareholders as far as possible with all losses which have arisen and their causes, as well as the losses which may be anticipated, and to what extent they have been anticipated. If it does no injury to the bank, he might go further and give us in detail the amounts making up the remaining \$190,000.

Mr. Holland: I do not think in a meeting that it would be in the interests of the bank or the shareholders for me to go into detail of the different items comprising the amounts inquired about, although I should be glad to do so, if you will meet me after it is over. I do not desire to avoid your enquiry, for to give this information would be a pleasure. We have nothing to fear from any enquiry. My reticence here is caused only by what I believe to be the interests of the shareholders.

A Shareholder: Is it possible that the robbery mentioned in the report can occur again, or is it now so surrounded by safeguards that it cannot happen again?

Mr. Holland: We have done all we can to guard the bank from a like occurrence by an increased staff, by changes and further and more divided responsibilities, but where the senior officers of a bank combine together, and join themselves with customers and outsiders, it is impossible, no matter what the safeguards may be, to prevent some losses being incurred.

Mr. Robinson: I am here representing stockholders by proxy, and in regard to writing off these moneys I think the directors deserve a vote of thanks for doing so. I think an institution that will keep on its books anything that is not absolutely worth its place is committing a diabolical act to the shareholders, and I hope there is not a doubtful dollar on the books. I am here as a representative of shareholders, and I heartily endorse the action of the directors in this matter.

The report was carried.

It was then moved by Mr. E. B. Greenshields, of Montreal, seconded by Mr. Miller, that the thanks of the stockholders be given to the president, vice-president, and directors for their attention to the interests of the bank during the year, the name of the general manager, at the special request of the meeting, being added and included in the resolution.

In speaking to the motion, Mr. Greenshields said: I have pleasure in moving the resolution, representing as I do a number of stockholders in Montreal. I would like to make one or two remarks in connection with this matter. In the first place, those shareholders in Montreal whom I represent, and all the shareholders as far as I know, have perfect confidence in the management of this bank, both in the board of directors and the active manager. They think the board has shown a brave and manly spirit in coming before the shareholders in this annual meeting and stating the exact position in which the bank stands. I am equally sure, from the statements of the president, vice-president, and general manager, that, to the best of their knowledge, everything has been done that could be done for the best interests of the bank. In regard to the manager of the bank, we have known the general manager for a number of years. He was in Montreal for quite a time. We have perfect confidence in everything he has told us to-day, and we feel quite sure that if we are spared to attend another annual meeting